



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
LOGAN COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
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CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
LOGAN COUNTY OFFICIALS	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS.....	7
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES	10
NOTES TO FINANCIAL STATEMENTS	12
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE	19
SCHEDULE OF OPERATING REVENUE	22
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES	31
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	47
APPENDIX A:	
CERTIFICATION OF COMPLIANCE – LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS	
APPENDIX B:	
LOGAN COUNTY AMBULANCE SERVICE, INC., JULY 1, 1998 THROUGH FEBRUARY 28, 1999	



Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable John H. Guion, III, Logan County Judge/Executive

Members of the Logan County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Logan County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Logan County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Logan County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Logan County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable John H. Guion, III, Logan County Judge/Executive

Members of the Logan County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Logan County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 1999, on our consideration of Logan County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -

December 29, 1999

LOGAN COUNTY OFFICIALS

June 30, 1999

John H. Guion III	County Judge/Executive
Thomas Noe	County Attorney
Kenny Chapman	County Clerk
Jim Nealy	Circuit Court Clerk
Dannie Blick	Sheriff
Bill Jenkins	Jailer
Ben Brown	Property Valuation Administrator
Elaine Jenkins	County Treasurer
Phil Gregory	Coroner
Starling Murphy	Magistrate
Harold Prince	Magistrate
Curtis Watkins	Magistrate
Jimmy White	Magistrate
Wyatt Ezell	Magistrate
Harris Dockins	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

LOGAN COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:

Cash	\$ 605,749
------	------------

Road and Bridge Fund:

Cash	581,868
------	---------

Jail Fund:

Cash	58,721
------	--------

Jail Commissary Fund:

Cash	3,174
------	-------

Local Government Economic Assistance Fund:

Cash	137,594
------	---------

Emergency 911 Fund:

Cash	86,352
------	--------

Public Hospital Corporation Fund:

Cash	514,096
------	---------

Investments	1,288,407
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Public Properties Corporation Fund:

Cash	2,520,887
------	-----------

Interest Receivable (Note 10)	109,322
-------------------------------	---------

Payroll Account:

Cash	18,812
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Other Resources

General Fund:

Amounts to be Provided in Future Years for Health

Department Building Capital Lease Obligation - Principal	35,000
--	--------

Public Properties Corporation Fund:

Amounts to be Provided in Future Years for Bond Principal Payments	5,140,000
--	-----------

Total Assets and Other Resources

	\$ 11,099,982
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The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1999
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Capital Lease Obligation - Principal	
Health Department Building (Note 5)	\$ 35,000

Public Properties Corporation Fund:

Bond Principal Not Matured (Note 6)	5,140,000
Payroll Account	18,812

Fund Balances

Reserved:

Jail Commissary Fund	3,174
Public Hospital Corporation Fund (Note 9)	1,288,407
Public Properties Corporation Fund (Note 6)	2,630,209
Public Hospital Corporation Fund (Note 9)	514,096

Unreserved:

General Fund	605,749
Road and Bridge Fund	581,868
Jail Fund	58,721
Local Government Economic Assistance Fund	137,594
Emergency 911 Fund	86,352

Total Liabilities and Fund Balances	<u>\$ 11,099,982</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

LOGAN COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

<u>Cash Receipts</u>	<u>Totals (Memorandum Only)</u>	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Jail Fund</u>
Schedule of Operating Revenue	\$ 5,876,314	\$ 3,634,859	\$ 1,493,232	\$ 402,111
Transfers In	525,290	32,938	3,408	457,000
Borrowed Money	300,000			
Kentucky Advance Revenue Program	788,735	659,480	129,255	
Prior Year Voided Checks	120	29		91
Jail Commissary Fund Receipts	41,234			
Bond Proceeds	5,140,000			
Interest	36,342			
Total Cash Receipts	<u>\$ 12,708,035</u>	<u>\$ 4,327,306</u>	<u>\$ 1,625,895</u>	<u>\$ 859,202</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 5,584,277	\$ 3,093,016	\$ 1,548,392	\$ 823,929
Transfers Out	525,290	488,944		
Lease Purchase Agreements	23,366	23,366		
Bond Interest	150,107			
Borrowed Money Repaid	300,000			
Interest Expense	9,737			
Land	124,328			
Site Preparation	306,102			
Construction Costs	1,674,617			
Administrative Fees	307,004			
Bond Fees	50,622			
Kentucky Advance Revenue Program Repaid	788,735	659,480	129,255	
Jail Commissary Fund Expenditures	<u>42,987</u>			
Total Cash Disbursements	<u>\$ 9,887,172</u>	<u>\$ 4,264,806</u>	<u>\$ 1,677,647</u>	<u>\$ 823,929</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 2,820,863	\$ 62,500	\$ (51,752)	\$ 35,273
Cash Balance - July 1, 1998*	<u>2,975,985</u>	<u>543,249</u>	<u>633,620</u>	<u>23,448</u>
Cash Balance - June 30, 1999*	<u>\$ 5,796,848</u>	<u>\$ 605,749</u>	<u>\$ 581,868</u>	<u>\$ 58,721</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1999
(Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	Community Development Block Grant Fund	Emergency 911 Fund	Public Hospital Corporation Fund	Public Properties Corporation Fund
\$	\$ 103,632	\$ 5,408	\$ 134,668 31,944	\$ 102,404	\$ 300,000
41,234					5,140,000 36,342
<u>\$ 41,234</u>	<u>\$ 103,632</u>	<u>\$ 5,408</u>	<u>\$ 166,612</u>	<u>\$ 102,404</u>	<u>\$ 5,476,342</u>
\$	\$ 36,680	\$ 2,000 3,408	\$ 80,260	\$	\$ 32,938
					150,107 300,000 9,737 124,328 306,102 1,674,617 307,004 50,622
42,987					
<u>\$ 42,987</u>	<u>\$ 36,680</u>	<u>\$ 5,408</u>	<u>\$ 80,260</u>	<u>\$ 0</u>	<u>\$ 2,955,455</u>
<u>\$ (1,753) 4,927</u>	<u>\$ 66,952 70,642</u>	<u>\$ 0</u>	<u>\$ 86,352</u>	<u>\$ 102,404 1,700,099</u>	<u>\$ 2,520,887</u>
<u>\$ 3,174</u>	<u>\$ 137,594</u>	<u>\$ 0</u>	<u>\$ 86,352</u>	<u>\$ 1,802,503</u>	<u>\$ 2,520,887</u>

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Logan County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund and the Logan County Public Properties Corporation as part of the reporting entity. Also included is the Ambulance Service, Inc., which is reported on an accrual basis and is included as Appendix B.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Logan County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Logan County Fiscal Court: Logan County Public Library, East Logan Water District, and North Logan Water District.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

LOGAN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Note 3. Deposits and Investments

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 1999, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

B. Investments

The county's investments are categorized below to give an indication of the level of risk assumed by the county at year-end. Category 1 includes investments that are insured or registered or the securities are held by the county or by the county's agent in the county's name. Category 2 includes uninsured and unregistered investments where the securities are held by the financial institution in the county's name. Category 3 includes uninsured and unregistered investments where the securities were held by the financial institution, but not in the county's name.

Types of Investments	Category 1	Category 2	Category 3	Carrying Amount	Market Value
Repurchase Agreement	\$ 1,228,407	\$ 0	\$ 0	\$ 1,288,407	\$ 1,288,407

Note 4. Receivable

Accounts receivable consists of amounts due to the Logan County Ambulance Service, Inc. from patients. Amounts uncollected after six months are written off as uncollectible. Since the Logan County Ambulance Service, Inc. ceased operations as of July 1, 1998, no services were billed to patients during the period of July 1, 1998 through February 28, 1999. Therefore, as of February 28, 1999, the entire accounts receivable balance of \$285,210 was overdue by six months and considered uncollectible.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 5. Long-Term Debt

Health Department Building: 10 years at 5.85 %

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1999-2000	\$ 1,766	\$ 11,000
2000-2001	1,103	12,000
2001-2002	<u>407</u>	<u>12,000</u>
Totals	<u>\$ 3,276</u>	<u>\$ 35,000</u>

Note 6. Bonds Payable

On September 1, 1998, the Logan County Public Properties Corporation issued first mortgage bonds to provide funding for the construction of the Logan County Jail. The total bond issue was in the amount of \$5,140,000, with interest rates varying between 4.25% and 5.1%. Interest is payable on March 1 and September 1 of each year. The bonds were sold at a discount of \$26,478. The total bond proceeds were \$5,113,522. At the date of sale, there was \$24,726 in accrued interest that was remitted to the Public Properties Corporation along with the bond proceeds. Funds in the amount of \$5,138,248 were deposited into the Construction Fund account. On October 7, 1998 funds were transferred from the Construction Fund account to the Debt Reserve account in the amount of \$368,988, to the Cost of Issuance account in the amount of \$51,400, and to the Sinking Fund account in the amount of \$24,725. The bond issue provides for early redemption, with 30 days notice, on or after September 1, 2008.

The outstanding debt of the Logan County Public Properties Corporation is as follows:

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1999-2000	\$ 247,257	\$
2000-2001	244,920	110,000
2001-2002	240,246	110,000
2002-2003	235,464	115,000
2003-2004	230,364	125,000
2004-2025	<u>2,891,570</u>	<u>4,680,000</u>
Totals	<u>\$ 4,089,821</u>	<u>\$ 5,140,000</u>

LOGAN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Note 7. Lease-Purchase Agreements

The county has entered into the following lease-purchase agreements:

Description	Purchase Date	Maturity Date	Interest Rate	Amount
Sheriff's Vehicles	03/17/98	03/01/00	4.25%	\$ 9,623

Description	Purchase Date	Maturity Date	Interest Rate	Amount
911 Equipment	04/26/99	04/26/04	4.02%	\$ 275,000

Note 8. Investment of the Public Hospital Corporation Fund

The Public Hospital Corporation issued first mortgage bonds dated July 1, 1979, to provide funds for the construction of Logan Memorial Hospital. The total bond issue of \$580,000 was in denominations of \$5,000 to mature on July 1, 1980 to July 1, 1999, with interest of 5.70 percent to 6.70 percent, payable on January 1 and July 1 of each year.

On May 21, 1985, the Logan County Fiscal Court approved a contribution of \$806,424, to the escrow fund for the defeasance of the outstanding bonds. This amount, in addition to the amount transferred from the debt service fund, has been determined to meet all bond and interest payments as they become due. As a result, the corresponding assets and liabilities for bonds are not included on the financial statements. The Southern Deposit Bank of Russellville Kentucky, is the escrow agent.

Note 9. Restrictions on the Public Hospital Corporation Fund

The proceeds from the sale of the hospital and equipment are to be invested and only the interest earned on these funds is available for use as operating revenue.

Note 10. Interest Receivable

The Logan County Public Properties Corporation had earned interest of \$109,322 that was not posted to the construction fund account until October 31, 1999. This interest should have been paid to the sinking fund to cover debt service requirements for fiscal year ending June 30, 1999 and future obligations of the Debt Service Fund. The funds to pay the debt service requirements for fiscal year ending June 30, 1999, were paid from Construction Fund transfers.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 4,342,173	\$ 3,634,859	\$ (707,314)
Road and Bridge Fund	1,599,513	1,493,232	(106,281)
Jail Fund	812,023	402,111	(409,912)
Local Government Economic Assistance Fund	45,445	103,632	58,187
Community Development Block Grant Fund	2,000	5,408	3,408
Emergency 911 Fund	118,503	134,668	16,165
Public Hospital Corporation Fund	96,000	102,404	6,404
Totals	<u>\$ 7,015,657</u>	<u>\$ 5,876,314</u>	<u>\$ (1,139,343)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 7,015,657
Add: Budgeted Prior Year Surplus			2,943,000
Less: Other Financing Uses			<u>(929,455)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 9,029,202</u>

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SCHEDULE OF OPERATING REVENUE

LOGAN COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<hr/>				
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 774,826	\$ 774,826	\$	\$
Excess Fees - 1998	328,633	328,633		
County Clerk:				
Deed Transfer Tax	49,585	49,585		
Delinquent Taxes	13,159	13,159		
Excess Fees - 1998	422,427	422,427		
Omitted Tangible Tax	10,939	10,939		
Tangible Personal Property Taxes:				
Other Counties	10,258	10,258		
County Clerk	97,528	97,528		
In Lieu of Taxes:				
Tennessee Valley Authority	58,679	58,679		
Other in Lieu Payments	5,974	5,974		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 1,772,008	\$ 1,772,008	\$ 0	\$ 0
<hr/>				
<u>U.S. Treasurer</u>				
Housing Prisoners	\$ 1,400	\$ 0	\$ 0	\$ 1,400
<hr/>				
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants - Coordinator Salary	\$ 1,970	\$ 1,970	\$	\$
Community Development Block				
Grant - Work Activity Center	2,000			
Disaster and Emergency Assistance				
Grant - 1997 Flood Relief	3,408			
Disaster and Emergency				
Services/Emergency Management	6,390		6,390	
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 13,768	\$ 1,970	\$ 6,390	\$ 0

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Emergency 911 Fund	Public Hospital Corporation Fund
\$	\$	\$	\$
\$ 0	\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0	\$ 0
\$	\$	\$	\$
	2,000		
	3,408		
\$ 0	\$ 5,408	\$ 0	\$ 0

LOGAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 79,323	\$	\$	\$ 79,323
Medical Allotments	5,497			5,497
Driving Under The Influence Fees	5,653			5,653
Housing State Prisoners	247,301			247,301
Court Costs, Jail Operation	21,330			21,330
County Road Aid	900,266		900,266	
Emergency Funding	298,750		298,750	
Truck License Distribution	161,449		161,449	
Election Expense Reimbursement	10,200	10,200		
Courthouse Rental - Administrative				
Office of the Courts	130,372	130,372		
Probation and Parole	7,179	7,179		
Refunds:				
Legal Process Taxes	161	161		
Drivers Licenses	2,579		2,579	
State Reimbursements	80,090		72,888	7,202
Severance Taxes:				
Mineral	101,558			
Grants:				
Disaster and Emergency Services				
Reimbursement	242	242		
Waterline Construction	1,278,437	1,278,437		
Totals	\$ 3,330,387	\$ 1,426,591	\$ 1,435,932	\$ 366,306
<u>Miscellaneous Revenue</u>				
Interest	\$ 163,125	\$ 29,124	\$ 29,441	\$
Circuit Court Clerk:				
Jail Bond Fees	2,760			2,760
Work Release	7,770			7,770
Jail:				
Telephone Commission Refunds	14,199			14,199

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Emergency 911 Fund	Public Hospital Corporation Fund
\$	\$	\$	\$
101,558			
<u>\$ 101,558</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 1,938	\$	\$ 218	\$ 102,404

LOGAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue (Continued)</u>				
Licenses and Permits:				
Local Planning Commission	\$ 1,450	\$ 1,450	\$	\$
Building Inspections	5,131	5,131		
Cable TV Franchise	645	645		
Charges for Services:				
E-911 Fees	182,478	71,989		
Landfill User	94,663	94,663		
Reimbursements:				
Ambulance Service	163,730	163,730		
Health Department	12,991	12,991		
Cities	11,863	7,902		
Insurance	6,019	2,100	3,919	
Other	50,267	40,591		9,676
Miscellaneous Items	41,660	3,974	17,550	
Totals	\$ 758,751	\$ 434,290	\$ 50,910	\$ 34,405
Total Operating Revenue	\$ 5,876,314	\$ 3,636,259	\$ 1,493,232	\$ 400,711

LOGAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Emergency 911 Fund	Public Hospital Corporation Fund
\$	\$	\$	\$
		110,489	
		3,961	
136		20,000	
\$ 2,074	\$ 0	\$ 134,668	\$ 102,404
\$ 103,632	\$ 5,408	\$ 134,668	\$ 102,404

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 55,545	\$ 55,501	\$ 44
Deputy County Judge/Executive	20,775	20,584	191
Secretaries	24,500	23,753	747
Data Processing Service	1,659	195	1,464
Office Materials and Supplies	5,018	5,018	
New Office Equipment	1,406	1,326	80
Telephone	4,043	4,043	
Association Dues	1,000	990	10
Office of County Attorney:			
Salaries-			
County Attorney	19,150	19,138	12
Secretaries	16,360	16,351	9
New Office Equipment	7,000	6,899	101
Office Materials and Supplies	2,600	2,596	4
Telephone	1,800	1,524	276
Association Dues	750	750	
Rent	4,000	4,000	
Office of County Clerk:			
Salaries-			
County Clerk	55,545	55,501	44
Deputies	165,895	164,691	1,204
Temporary/Part-Time Help	3,380	3,255	125
Social Security	17,300	16,516	784
Retirement	19,000	18,337	663
Health Insurance	23,944	18,577	5,367
Unemployment Insurance	540	408	132
Worker's Compensation	750	591	159
Expense Allowance	3,600	3,600	
Maintenance and Repairs-			
Equipment	6,409	6,409	
Building	2,537	2,537	

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of County Clerk: (Continued)			
Printing and Binding	\$ 1,789	\$ 770	\$ 1,019
Microfilming Records	7,923	7,923	
New Office Equipment	4,199	601	3,598
Tax Bill Preparation	3,650	3,618	32
Office Materials and Supplies	10,409	10,409	
Association Dues	600	600	
Telephone	3,500	3,456	44
Utilities	5,963	5,256	707
Office of Sheriff:			
Salaries-			
Sheriff	55,545	55,501	44
Deputies	221,500	216,987	4,513
Process Clerk	17,300	17,000	300
Bailiff	26,450	25,289	1,161
Other Salaries	32,700	31,898	802
Overtime Pay	17,500	14,389	3,111
Temporary/Part-Time Help	24,500	21,070	3,430
Social Security	29,650	27,572	2,078
Retirement	28,000	26,492	1,508
Health Insurance	32,085	28,016	4,069
Unemployment Insurance	1,120	671	449
Worker's Compensation	8,021	6,502	1,519
Advertising Tax Bills	3,312	3,312	
Data Processing Services	3,500	150	3,350
Data Processing Equipment	2,325		2,325
Pager Charges	900	642	258
Maintenance-			
Vehicle	30,548	30,548	
Building	1,500	434	1,066
Office	700	491	209
Radios	2,679	2,679	
Lease-			
Interest	875	677	198

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Sheriff: (Continued)			
Other Contract Services	\$ 1,398	\$ 1,398	\$
Jury Meals	900	550	350
Petroleum Products	14,983	14,524	459
Uniforms	8,929	8,929	
Telephone	7,542	7,542	
Utilities	4,700	3,877	823
Association Dues	1,035	1,035	
Bond	3,337	3,045	292
Tow-In	811	811	
Law Enforcement Supplies	3,000	2,915	85
Law Enforcement Equipment	11,896	11,896	
Materials and Supplies	8,500	8,190	310
New Equipment	2,944	1,787	1,157
New Motor Vehicles	47,670	47,670	
Training	3,204	3,197	7
Travel	25,937	24,234	1,703
Miscellaneous	2,944	2,930	14
Office of County Coroner:			
Salaries-			
County Coroner	9,800	9,777	23
Deputy Coroner	4,200	4,200	
Ambulance	3,000	2,255	745
Training	589		589
Miscellaneous	1,329	1,329	
Fiscal Court:			
Magistrates			
Salaries	86,900	86,883	17
Advertising	2,511	2,511	
Association Dues	1,000	924	76
Office of Property Valuation Administrator:			
Statutory Contribution	38,000	35,677	2,323

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Board of Assessment Appeals:			
Per Diem	\$ 900	\$ 300	\$ 600
Office of County Treasurer:			
County Treasurer Salary	18,000	17,990	10
Data Processing	3,500	2,015	1,485
Office Materials and Supplies	2,000	1,118	882
Telephone	600	590	10
County Law Library:			
Law Librarian Salary	1,200	1,200	
Elections:			
Per Diem-			
Election Commissioners	2,100	1,350	750
Election Officers	12,700	12,588	112
Election Tabulator	70	35	35
Preparing Voting Machines	12,627	12,627	
Rental Polling Places	1,800	1,600	200
Election Printing and Advertising	7,812	7,812	
Planning and Zoning:			
Contracts Other Government Agencies	3,000	3,000	
Economic Development:			
Contribution	26,000	26,000	
Courthouse:			
Janitor Salary	39,550	39,538	12
Improvements or New Construction	35,800	21,337	14,463
Materials and Supplies	7,200	6,370	830
Utilities	46,000	43,977	2,023
Other County Properties:			
Repairs	35,000	6,691	28,309

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property</u>			
Building Code Enforcement:			
Salaries	\$ 6,500	\$ 5,840	\$ 660
Telephone	525	490	35
Expenses	700	459	241
County Fire Department:			
Contributions	13,000	13,000	
Disaster and Emergency Services:			
Director Salary	4,500	4,500	
Civil Defense Contribution	2,000	2,000	
Ambulance Service:			
Ambulances	38,824	2,043	36,781
Emergency Dispatch Service:			
Dispatch Service - City	50,205	50,205	
Emergency 911 - Lease Payment	27,742	27,742	
Forestry Fire Protection:			
Kentucky State Treasurer	2,000	1,982	18
Office of Public Defender:			
Contribution	3,100	3,052	48
<u>General Health and Sanitation</u>			
Dog Control:			
Salaries	8,956	8,955	1
Travel	3,000	3,000	
Expenses	1,000	84	916
Solid Waste Collection:			
Salaries-			
Recycling Coordinator	3,200	2,744	456
Solid Waste Coordinator	20,114	20,113	1
Repair and Maintenance - Vehicle	600	246	354

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Health and Sanitation</u> (Continued)			
Solid Waste Collection: (Continued)			
Clean-Up and Disposal	\$ 4,385	\$ 1,571	\$ 2,814
Law Enforcement Supplies	600	92	508
Office Supplies	1,162	1,162	
Vehicle Fuel	1,361	907	454
Recycling Supplies and Equipment	4,936	4,936	
Telephone	1,040	1,040	
Travel	936	482	454
Education Program Supplies	1,000	192	808
Miscellaneous	1,000	590	410
Livestock Inspector:			
Salary	300	300	
<u>Recreation and Culture</u>			
Parks:			
Contribution	8,100	8,100	
Airports:			
Contribution	10,500	10,500	
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advanced Revenue Program-			
Interest	15,500	14,428	1,072
County Health Building-			
Interest	2,405	1,991	414
Other County Liabilities:			
Prior Year Claims	935		935
<u>Capital Projects</u>			
Buildings:			
Jail	1,000	787	213

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Capital Projects (Continued)</u>			
Water Systems:			
Construction	\$ 2,000,000	\$ 1,250,000	\$ 750,000
<u>Administration</u>			
General Services:			
Audit Services	12,000	9,859	2,141
Data Processing Equipment	11,000	1,788	9,212
Insurance	54,000	41,830	12,170
Bond Premium	3,500	2,147	1,353
Membership	8,500	8,178	322
Registrations, Conferences	6,051	6,051	
Official Travel	3,000	2,989	11
Miscellaneous	2,187	1,402	785
Contingent Appropriations:			
Reserve for Transfers	79,512		79,512
Fringe Benefits:			
County Contributions-			
Social Security	26,200	25,108	1,092
Retirement	27,000	25,650	1,350
Health Insurance	38,600	30,584	8,016
Worker's Compensation	4,000	3,251	749
Unemployment Insurance	650	379	271
Total Operating Budget	\$ 4,113,493	\$ 3,093,016	\$ 1,020,477
Other Financing Uses:			
Principal on Capital Lease Agreement-			
Sheriff Vehicles	13,000	12,366	634
County Health Building	11,000	11,000	
Kentucky Advance Revenue Program-			
Principal	724,680	659,480	65,200
Total General Fund	\$ 4,862,173	\$ 3,775,862	\$ 1,086,311

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
<u>General Government</u>			
Fiscal Court:			
Magistrates			
Advertising	\$ 530	\$ 530	\$
<u>Transportation Facilities and Services</u>			
Road Facilities:			
Utilities	4,800	3,361	1,439
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	22,900	22,882	18
Road Maintenance:			
Salaries-			
Road Labor	250,000	244,051	5,949
Mechanic	17,971	17,940	31
Secretary	14,088	14,057	31
Road Overtime	2,000	180	1,820
Temporary/Part-Time Personnel	18,000	15,834	2,166
Asphalt	211,476	208,512	2,964
Concrete	3,500	1,421	2,079
Crushed Stone and Gravel	225,000	181,140	43,860
Garage Supplies	6,000	3,873	2,127
Petroleum Products	32,000	20,370	11,630
General Construction Materials	58,000	46,839	11,161
Machinery and Equipment-			
Repairs	24,000	23,330	670
New Road Machinery	175,000	138,431	36,569
Communications Equipment	3,600	990	2,610
Contract	18,000	16,376	1,624
Other Equipment	2,964	737	2,227
Pipe	11,000	4,935	6,065
Signs	3,900	3,718	182
Tools	2,500	897	1,603
Tires and Tubes	9,000	6,518	2,482

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Roads (Continued)</u>			
Road Maintenance: (Continued)			
Uniforms	\$ 7,800	\$ 7,128	\$ 672
Office Supplies	600	366	234
Data Processing Service	750		750
Contract Testing Drug	800	730	70
Other Materials and Supplies	2,875	2,768	107
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advance Revenue Program - Interest	2,865	2,828	37
<u>Capital Projects</u>			
Bridges:			
Contracted Construction	579,410	412,780	166,630
General Services:			
Property and Liability Insurance	61,750	43,873	17,877
Telephone	1,300	1,201	99
Travel	500		500
Building Maintenance	4,000	542	3,458
Contingent Appropriations:			
Reserve for Budget Transfers	151,329		151,329
Fringe Benefits:			
County Contributions-			
Retirement	25,700	24,587	1,113
Social Security	24,500	22,949	1,551
Health Insurance	51,000	37,954	13,046
Worker's Compensation	16,000	13,005	2,995
Unemployment Insurance	1,330	759	571
Total Operating Budget	\$ 2,048,738	\$ 1,548,392	\$ 500,346

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
Other Financing Uses:			
Kentucky Advance Revenue Program-			
Principal	\$ 180,775	\$ 129,255	\$ 51,520
Total Road and Bridge Fund	\$ 2,229,513	\$ 1,677,647	\$ 551,866
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 54,475	\$ 54,470	\$ 5
Jail Personnel	251,500	247,158	4,342
Administrative Personnel	26,880	26,461	419
Food Service Personnel	16,124	15,588	536
Temporary/Part-Time Personnel	41,900	40,293	1,607
Overtime Pay	35,675	33,754	1,921
Operations-			
Cleaning Supplies	13,293	13,293	
Food Preparation and Serving Supplies	5,482	5,482	
Food	92,588	92,588	
Gasoline	91	91	
Jail Linens	3,209	3,209	
Office Supplies	4,162	4,162	
Prisoner Clothing	1,521	1,521	
Prisoner Hygiene	2,798	2,798	
Routine Medical	67,330	67,330	
Staff Uniforms	4,062	4,062	
Telephone	3,781	3,781	
Utilities	16,802	16,802	
Food Service Equipment	1,028	1,028	
Furniture and Fixtures	76	76	
Office Equipment	1,283	1,283	
Plant Operation Equipment	400	400	
Vehicle Maintenance	483	483	
Housing Prisoners - Other Counties	611	611	
Pest Control	545	545	

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Protection to Persons and Property</u>			
Operations-			
Building Repair and Maintenance	\$ 4,794	\$ 4,794	\$
Contract Drug Testing	680	680	
Miscellaneous Operating Expense	5,825	5,825	
Juvenile Detention:			
Contract with Government Agencies	55,450	55,450	
Maintenance-			
Equipment Repairs	557	557	
<u>Administration</u>			
General Services:			
Insurance - Building	14,284	14,284	
Bond	741	741	
Association Dues	300	300	
Training	4,522	4,522	
Fringe Benefits:			
County Contributions-			
Retirement	32,400	31,306	1,094
Social Security	31,500	30,513	987
Health Insurance	30,964	30,781	183
Worker's Compensation	6,207	6,207	
Unemployment Insurance	700	700	
Total Jail Fund	\$ 835,023	\$ 823,929	\$ 11,094

LOCAL GOVERNMENT ECONOMIC
ASSISTANCE FUND

General Health and Sanitation

Dog Control:			
Contracted Animal Shelter	\$ 14,000	\$ 14,000	\$
Other Contracted Services	5,451	5,451	

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)			
<u>Social Services</u>			
Services to the Indigents:			
Pauper Burials	\$ 2,800	\$ 595	\$ 2,205
Senior Citizens Program:			
Senior Programs (BRADD)	3,200	3,200	
Contributions	2,000	2,000	
Other Social Services Programs:			
General Welfare	2,907	2,907	
<u>Recreation and Culture</u>			
Celebrations, Festivals, and Culture Programs:			
Contribution	2,000	1,800	200
Other Cultural Programs:			
Archives Secretary	6,500	6,251	249
Archives Supplies	500		500
General Services:			
Miscellaneous	593	476	117
Contingent Appropriations:			
Reserve for Budget Transfers	<u>75,494</u>		<u>75,494</u>
Total Local Government Economic Assistance Fund	<u>\$ 115,445</u>	<u>\$ 36,680</u>	<u>\$ 78,765</u>

**COMMUNITY DEVELOPMENT BLOCK GRANT -
ACTIVITY CENTER FUND**

Administration

General Services:			
Planning and Administration	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 0</u>

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>EMERGENCY 911 FUND</u>			
<u>Protection to Persons and Property</u>			
Emergency Dispatch Service:			
Salaries-			
Coordinator	\$ 5,960	\$ 5,884	\$ 76
Dispatch Service	25,240	25,189	51
Contracted Services:			
Lease Payment	14,179	13,871	308
Materials and Supplies:			
Office Supplies	79	79	
Uniforms	334	334	
Other Materials and Supplies	68	68	
Other Charges:			
Mapping	30,000	30,000	
Printing, Stationery, Forms, etc.	96	96	
Registration, Conferences, Training, etc.	817	817	
Telephone	291	291	
Maintenance and Repair Service -			
Office Equipment	12	12	
<u>Debt Service:</u>			
Interest on Lease	1,643	1,643	
Capital Outlay:			
Office Equipment	82	82	
Other Equipment	529	529	
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Transfers	37,698		37,698

LOGAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999
(Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>EMERGENCY 911 FUND</u> (Continued)			
<u>Administration</u> (Continued)			
Fringe Benefits:			
Retirement	\$ 500	\$ 484	\$ 16
Social Security	500	427	73
Health Insurance	<u>475</u>	<u>454</u>	<u>21</u>
Total Emergency 911 Fund	<u>\$ 118,503</u>	<u>\$ 80,260</u>	<u>\$ 38,243</u>
<u>PUBLIC HOSPITAL CORPORATION FUND</u>			
<u>Administration</u>			
General Services:			
Reserve for Transfers	\$ 1,288,407	\$	\$ 1,288,407
Contingent Appropriations:			
Reserve for Budget transfers	<u>507,593</u>	<u></u>	<u>507,593</u>
Total Public Hospital Corporation Fund	<u>\$ 1,796,000</u>	<u>\$ 0</u>	<u>\$ 1,796,000</u>
Total Operating Budget - All Funds	\$ 9,029,202	\$ 5,584,277	\$ 3,444,925
Other Financing Uses:			
Principal on Capital Lease Agreement-			
Sheriff Vehicles	13,000	12,366	634
County Health Building	11,000	11,000	
Kentucky Advance Revenue Program-			
Principal	<u>905,455</u>	<u>788,735</u>	<u>116,720</u>
TOTAL BUDGET - ALL FUNDS	<u><u>\$ 9,958,657</u></u>	<u><u>\$ 6,396,378</u></u>	<u><u>\$ 3,562,279</u></u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable John H. Guion, III, Logan County Judge/Executive
Members of the Logan County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Logan County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 29, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Logan County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Logan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable John H. Guion, III, Logan County Judge/Executive
Members of the Logan County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not used by anyone other than the specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 29, 1999

CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

LOGAN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

LOGAN COUNTY FISCAL COURT

The Logan County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name

County Judge/Executive



Name

County Treasurer

LOGAN COUNTY AMBULANCE SERVICE, INC.

July 1, 1998 Through February 28, 1999



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
LOGAN COUNTY AMBULANCE SERVICE, INC.**

For Period July 1, 1998 Through February 28, 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.STATE.KY.US/AGENCIES/APA**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
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CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF ASSETS,	5
LIABILITIES, AND FUND BALANCE.....	5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	9
STATEMENT OF CASH FLOWS	13
NOTES TO FINANCIAL STATEMENTS	14
SCHEDULE OF EXPENDITURES	21
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	25
COMMENT AND RECOMMENDATION	29



Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable John H. Guion III, County Judge/Executive

Members of the Logan County Fiscal Court

Board of Directors of the Logan County Ambulance Service, Inc.

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balance of Logan County Ambulance Service, Inc., Logan County, Kentucky, as of February 28, 1999, and the related statements of revenues, expenditures and changes in fund balance and the statement of cash flows for the period July 1, 1998 through February 28, 1999. These financial statements are the responsibility of the Logan County Ambulance Service, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of Logan County Ambulance Service, Inc., Logan County, Kentucky, and the related statements of revenues, expenditures, and changes in fund balance and the statement of cash for the period July 1, 1998 through February 28, 1999, in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the financial statements of Logan County Ambulance Service, Inc., Logan County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable John H. Guion III, County Judge/Executive
Members of the Logan County Fiscal Court
Board of Directors of the Logan County Ambulance Service, Inc.

Based on the results of our audit, we present a schedule of Comment and Recommendation, included herein, which discusses the following area of noncompliance:

- The Ambulance Service Should Have Required Depository Institution To Pledge Securities Of \$63,168 As Collateral And Entered Into A Written Agreement To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 1999, on our consideration of Logan County Ambulance Service, Inc., Logan County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 25, 1999

STATEMENT OF ASSETS,
LIABILITIES, AND FUND BALANCE

LOGAN COUNTY AMBULANCE SERVICE, INC.
STATEMENT OF ASSETS,
LIABILITIES, AND FUND BALANCE

For Period July 1, 1998 Through February 28, 1999

Assets

Current Assets:

Cash in Bank	\$ 158,996
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Liabilities and Fund Balance

Current Liabilities:

Due to Logan County Fiscal Court (Note 6)	\$ 158,996
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Fund Balance February 28, 1999 (Note 4 and 6)	0
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Total Liabilities and Fund Balance	\$ 158,996
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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE

LOGAN COUNTY AMBULANCE SERVICE, INC.
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE

For Period July 1, 1998 Through February 28, 1999

Revenues

Miscellaneous Income:		
Miscellaneous Items	\$	1,041
Less:		
Medicare Markdowns		45,358
		<hr/>
Net Revenues	\$	(45,358)
		<hr/>

Expenditures

Schedule of Operating Expenditures	\$	26,279
Deficiency of Revenues Under Operating Expenditures		(71,637)
Other Revenues and (Expenditures):		
Lease Proceeds - Building (Note 5)	\$	9,000
Gain On Sale of Assets of Ambulance Service (Note 4)		143,773
Loss On Transfer of Machinery and Equipment (Note 6)		(704)
Loss On Transfer of Buildings and Leaseholds (Note 6)		(76,947)
Transfer to Logan County Fiscal Court (Note 6)		(113,996)
		<hr/>
Deficiency of Revenues Under Expenditures	\$	(110,511)
Fund Balance - July 1, 1998 (Note 8)		109,470
		<hr/>
Fund Balance - February 28, 1999	\$	(1,041)
		<hr/>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH FLOWS

LOGAN COUNTY AMBULANCE SERVICE, INC.
STATEMENT OF CASH FLOWS

For Period July 1, 1998 Through February 28, 1999

Cash Flows From Operating Activities:		
Deficiency of Revenues Under		
Expenditures	\$	(110,511)
Adjustments:		
Depreciation Expense		2,290
Decrease in Accounts Receivable		146,842
Decrease in Other Receivables		8,435
Decrease in Accounts Payable		(17,629)
Decrease in Income Taxes Payable		(19,891)
		<hr/>
Net Cash Provided by Operating Activities	\$	9,536
Cash Flows From Investing Activities:		
Sale of Assets of Ambulance Service	\$	56,227
Deferred Lease Proceeds - Building		45,000
Transfer Due To Logan County Fiscal Court		113,996
Loss on Transfer of Machinery and Equipment		704
Loss on Transfer of Buildings and Leaseholds		76,947
		<hr/>
Net Cash Used in Investing Activities		292,874
Cash Flows From Financing Activities:		
Decrease in Notes Payable	\$	(150,000)
Decrease in Interest Payable		(3,773)
		<hr/>
Net Cash Provided by Financing Activities		<hr/> (153,773)
Net Decrease in Cash and Cash Equivalents	\$	148,637
Cash and Cash Equivalents at Beginning of Year		<hr/> 9,318
Cash and Cash Equivalents at End of Year	\$	<hr/> <hr/> 157,955
Summary:		
Cash in Bank	\$	<hr/> <hr/> 158,996

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS

For Period July 1, 1998 Through February 28, 1999

Note 1. Organization

The Logan County Ambulance Service was formed in 1975 to operate an emergency medical service in Logan County, Kentucky. On January 1, 1982, the operation of the Ambulance Service became the responsibility of a Board of Directors appointed by the Logan County Fiscal Court and the City of Russellville, Kentucky. The Ambulance Service is managed by a Director and Assistant Director under the guidance of the Board of Directors. On May 26, 1998, the 7th Judicial Circuit, Logan Circuit Court ruled that the Logan County Fiscal Court had ultimate control of the Logan County Ambulance Service, Inc. On June 23, 1998, the Logan County Fiscal Court voted to accept a bid from Commonwealth Health Corporation for the sale of the assets of the Logan County Ambulance Service, Inc. effective July 1, 1998. From July 15 to July 27, 1998, the Board of Directors resigned. Therefore, on July 28, 1998, the Logan County Fiscal Court voted to appoint Fiscal Court members to the Board of Directors. As of February 28, 1999, the Board of Directors are as follows:

John H. Guion III	Board Chairman
Starling Murphy	Board Member
Harold Prince	Board Member
Curtis Watkins	Board Member
Jimmy White	Board Member
Wyatt Ezell	Board Member
Harris Dockins	Board Member

Note 2. Summary of Significant Accounting Policies

A. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

B. Basis of Accounting

The financial statements were prepared on a modified accrual basis of accounting pursuant to generally accepted accounting principles. Consequently, revenues are recognized in the accounting period in which they become available and measurable and expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

C. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

LOGAN COUNTY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
For Period July 1, 1998 Through February 28, 1999
(Continued)

Note 2. (Continued)

C. Cash and Investments (Continued)

KRS 66.480 authorizes the ambulance service to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

D. Accounts Receivable

Accounts receivable consists of amounts due to Logan County Ambulance Service, Inc. from patients. Amounts uncollected after six months are written off as uncollectible. Since the Logan County Ambulance Service, Inc. ceased operations as of July 1, 1998, no services were billed to patients during the period of July 1, 1998 through February 28, 1999. Therefore, as of February 28, 1999, the entire accounts receivable balance of \$285,210 was over six months and considered uncollectible. Allowance for doubtful accounts as of February 28, 1999 was \$285,210. Bad debt expense as of February 28, 1999 was \$19,873.

E. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 30 years. Depreciation expense for the period July 1, 1998 through February 28, 1999 was \$2,290.

During the period July 1, 1998 through February 28, 1999, the Logan County Ambulance Service, Inc. disposed of all property and equipment. On July 1, 1998, the Logan County Ambulance Service, Inc. sold furniture and fixtures and machinery and equipment of \$194,180 with accumulated depreciation of \$137,953 to Commonwealth Health Corporation for \$200,000 (Note 4). On July 1, 1998, the Logan County Ambulance Service, Inc. also transferred machinery and equipment of \$12,345 with accumulated depreciation of \$11,641 to the Logan County Fiscal Court (Note 6). On February 8, 1999, the Logan County Ambulance Service, Inc. transferred buildings and leaseholds of \$129,093 with accumulated depreciation of \$52,146 to the Logan County Fiscal Court (Note 6).

LOGAN COUNTY AMBULANCE SERVICE, INC.
 NOTES TO FINANCIAL STATEMENTS
 For Period July 1, 1998 Through February 28, 1999
 (Continued)

The Logan County Ambulance Service, Inc. has the use of equipment funded through Senate Bill 66 grants. Senate Bill 66 grants provide funding from the State of Kentucky and from local governments for the purchase of equipment. If any of this equipment is sold, a refund of the State share will be necessary. The Logan County Ambulance Service, Inc. sold or transferred this equipment during fiscal year 1998 and during the period July 1, 1998 through February 28, 1999. The Logan County Fiscal Court has assumed responsibility for any resulting liability. The County Judge/Executive and County Attorney are currently negotiating with the State to determine the amount of funds to be refunded. However, the maximum amount the Logan County Fiscal Court will have to refund is \$87,361.

Note 2. (Continued)

F. Income Taxes

The Logan County Ambulance Service, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 3. Deposits

The Logan County Ambulance Service, Inc. maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. As of February 28, 1999, the uncollateralized amount on deposit was \$63,168. The pledged securities and FDIC insurance did not equal or exceed the amount on deposit. In addition, the ambulance service did not have a written agreement with the depository institution.

	<u>Bank Balance</u>
Collateralized with securities held by the ambulance service's agent in the ambulance service's name	\$ 0
Collateralized with securities held by pledging depository institution in the ambulance service's name	0
Uncollateralized and uninsured	<u>63,168</u>
Total	<u>\$ 63,168</u>

LOGAN COUNTY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
For Period July 1, 1998 Through February 28, 1999
(Continued)

Note 4. Sale of Assets of Ambulance Service

On June 23, 1998, the Logan County Fiscal Court accepted the bid from Commonwealth Health Corporation in the amount of \$200,000 for the sale of the assets of the Logan County Ambulance Service, Inc. effective July 1, 1998. The assets sold included furniture and fixtures and machinery and equipment of \$194,180 with accumulated depreciation of \$137,953. This transaction resulted in a gain of \$143,773. The Logan County Fiscal Court, Logan County Ambulance Service, Inc., and Commonwealth Health Corporation signed an Asset Purchase Agreement on August 28, 1998.

Note 5. Lease of Ambulance Service Building

On September 1, 1998, the Logan County Ambulance Service, Inc. and Logan County Fiscal Court entered into a lease agreement with Commonwealth Health Corporation. Commonwealth Health Corporation is leasing the Ambulance Service building from the Ambulance Service and Fiscal Court. The lease is for twenty years at a monthly rental of \$1,500. The lease agreement requires Commonwealth Health Corporation to make an advance payment for the first three years of rent of \$54,000. This agreement resulted in lease proceeds of \$9,000 and deferred lease proceeds of \$45,000. On March 10, 1999, the deferred lease proceeds of \$45,000 were transferred to the Logan County Fiscal Court. As discussed in Note 6, the Ambulance Service building was transferred to the Logan County Fiscal Court on February 8, 1999.

Note 6. Transfer of Assets of Ambulance Service

- A. On July 1, 1998, the Logan County Ambulance Service, Inc. transferred machinery and equipment of \$12,345 with accumulated depreciation of \$11,641 to the Logan County Fiscal Court. This transaction resulted in a loss of \$704.
- B. On February 8, 1999, the Logan County Ambulance Service, Inc. transferred buildings and leaseholds of \$129,093 with accumulated depreciation of \$52,146 to the Logan County Fiscal Court. This transaction resulted in a loss of \$76,947.
- C. As of February 28, 1999, the Logan County Ambulance Service, Inc. had remaining assets of cash in bank of \$158,996 and accounts receivable of \$285,210 with allowance for doubtful of accounts of \$285,210. These remaining assets are to be transferred to the Logan County Fiscal Court. The cash in bank of \$158,996 due to the Logan County Fiscal Court as of February 28, 1999 consists of deferred lease proceeds – building of \$45,000 and the fund balance of \$113,996. On March 1, 1999, the Logan County Ambulance Service, Inc. transferred accounts receivable of \$285,210 (Note 2D) to the Logan County Fiscal Court. On March 10, 1999, the Logan County Ambulance Service, Inc. transferred \$158,996 to the Logan County Fiscal Court. These transactions resulted in the closeout of the Logan County Ambulance Service, Inc.

LOGAN COUNTY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
For Period July 1, 1998 Through February 28, 1999
(Continued)

Note 7. Contingency

The Internal Revenue Service (IRS) has assessed penalties and interest of \$1,410 on the Logan County Ambulance Service, Inc. on IRS Form 941 for tax period ended June 30, 1998. The Logan County Attorney has requested the IRS waive the penalty and interest on the grounds that the Logan County Ambulance Service, Inc. has been dissolved and all assets have been transferred to the Logan County Fiscal Court as payment for tax money used to support the Ambulance Service over many years. The Logan County Fiscal Court has assumed responsibility for this possible liability.

Note 8. Fund Balance Adjustment

The June 30, 1998, fund balance is increased by \$5,735 due to negotiated settlements on one contract and two leases.

SCHEDULE OF EXPENDITURES

LOGAN COUNTY AMBULANCE SERVICE, INC.
SCHEDULE OF EXPENDITURES

For Period July 1, 1998 Through February 28, 1999

Operating Expenditures

Accounting and Audit Fees	\$ 395
Depreciation	2,290
Insurance - General	3,323
Office Supplies	215
Refunds	80
Bad Debts	19,873
Miscellaneous	<u>103</u>
Total Operating Expenditures	<u><u>\$ 26,279</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable John H. Guion III, County Judge/Executive
Members of the Logan County Fiscal Court
Board of Directors of the Logan County Ambulance Service, Inc.

Report On Compliance And On Internal Control Over Financial Reporting Based On An
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Logan County Ambulance Service, Inc., Logan County, Kentucky, for the period July 1, 1998 through February 28, 1999, and have issued our report thereon dated March 25, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Logan County Ambulance Service, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Logan County Ambulance Service, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable John H. Guion III, County Judge/Executive
Members of the Logan County Fiscal Court
Board of Directors of the Logan County Ambulance Service, Inc.
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 25, 1999

COMMENT AND RECOMMENDATION

LOGAN COUNTY AMBULANCE SERVICE, INC.
COMMENT AND RECOMMENDATION

For Period July 1, 1998 Through February 28, 1999

NONCOMPLIANCES

The Ambulance Service Should Have Required Depository Institution To Pledge Securities Of \$63,168 As Collateral And Entered Into A Written Agreement To Protect Deposits

The ambulance service's deposits were not adequately secured by \$63,168 as of February 28, 1999. Under provisions of KRS 66.480(1)(d) and KRS 41.240(4), banks are required to provide pledges of securities for interest-bearing and noninterest-bearing deposits if either exceeds the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation. The ambulance service should require the depository institution to pledge sufficient securities as collateral to insure deposits at all times. We also recommend the ambulance service enter into a written agreement with the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Management's Response:

No response.

PRIOR YEAR FINDING

This finding was not corrected and is repeated.

The Ambulance Service Should Have Required Depository Institution To Pledge Securities As Collateral And Entered Into A Written Agreement To Protect Deposits

